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AFFIDAVIT OF PUBLICATION

2002 AUG 20 A 10:46

PUBLIC NOTICES

NOTICE OF APPLICATION AND HEARING FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION.

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at Applicant [address].

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

PUBLIC NOTICES

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the company, a shareholder of the company, a competitor, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

A.A.C. R14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m., at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:
The Arizona Corporation Commission
Attention Docket Control
re: Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelly Hood, ADA Coordinator, voice phone number 602/542-3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

STATE OF ARIZONA)
DOCUMENT CONTROL) ss.
COUNTY OF COCONINO)

I, ROBERT B. LARSON, Publisher of the
SEDONA RED ROCK NEWS,

a newspaper of general circulation, printed and published in the County of Coconino, State of Arizona, do solemnly swear that a copy of the attached notice, in the matter of

Touch America Services, Inc. and
Touch America, Inc.

as per clipping attached, was published in the regular and entire section of said newspaper, and not in any supplement thereof, on the following schedule:

July 3, 2002.

ROBERT B. LARSON, Publisher

Subscribed and sworn to before me this
3 day of July, 2002.

Notary Public



Notary Public State of Arizona
Yavapai County
Gloria Cole
Expires April 14, 2005

Arizona Corporation Commission
DOCKETED

AUG 20 2002

DOCKETED BY

**NOTICE OF APPLICATION AND HEARING FOR
THE JOINT APPLICATION OF TOUCH AMERICA
SERVICES, INC. AND TOUCH AMERICA, INC. FOR
APPROVAL OF ASSIGNMENT OF ASSETS AND
TRANSFER OF A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
INTRASTATE TELECOMMUNICATIONS SERVICES
TO TOUCH AMERICA, INC. AND WAIVER OF
CUSTOMER NOTIFICATION.**

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, an alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 25,000 customers in Arizona.

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1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.

2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, a competitor, etc.).

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re: Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

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One Pub 7-10-2002 Belt 3489

DOCKET NO. T-04011A-01-0303

DOCKET NO. T-03911A-01-0303

Affidavit of Publication

State of Arizona County of Gila

Ellen Kretsch, or her authorized representative, being first duly sworn deposes and says:

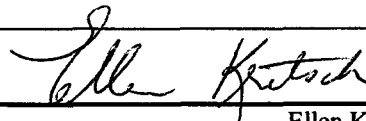
That she is the publisher of the Arizona Silver Belt, San Carlos Apache Moccasin, and the Gila County Advantage newspapers, located at 298 North Pine Street, Globe, Arizona 85501, or mail P.O. Box 31, Globe, Arizona 85502.

The above stated newspapers are published weekly in Globe, in the State of Arizona, County of Gila and that the following described ☒ legal, or ☐ advertising was duly published.

Notice of Application and Hearing for the Joint Application of Touch America Services, Inc. and Touch America, Inc. for approval of assignment of assets and transfer of a certificate of convenience and necessity to provide intrastate telecommunications services to Touch America, Inc. and wavier of customer notification.

A printed copy of said legal or advertisings is attached hereto and was published in a regular weekly edition of said newspaper (and not a supplement thereof) for 1 consecutive weeks in the ☒ Arizona Silver Belt newspaper, and/or the San Carlos Apache Moccasin newspaper, and/or the Gila County Advantage. The dates of publication being as follows, to wit:

7-10-2002

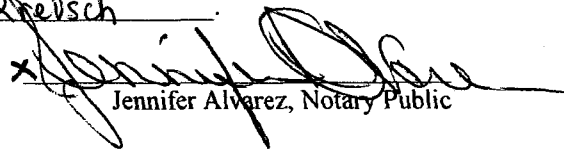


Ellen Kretsch, Publisher
Or authorized representative

State of Arizona
County of Gila

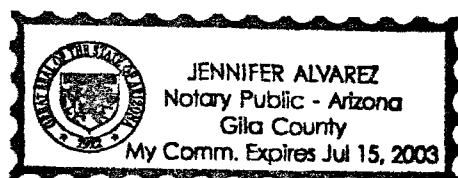
The foregoing instrument was acknowledged before me this

July 10, 2002 (date) by
Ellen Kretsch



Jennifer Alvarez, Notary Public

My Commission Expires: July 15, 2003



THE Tribune

Legal Advertisements

120 W. First Avenue Mesa

Affidavit of Publication

P.O. Number: Touch America

Invoice Number: 256044

Price: \$151.47

STATE OF ARIZONA
County of Maricopa

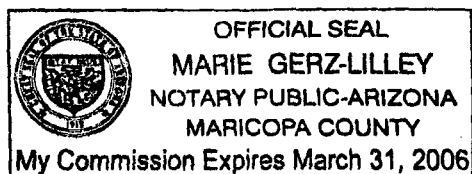
I, Dianna Nedd, Legal Clerk, acknowledge
that the attached ad was published
in a newspaper of general circulation.
The dates of the publication are as follows:
July 11, 2002

The Tribune (Scottsdale and East Valley Editions)

Dianna Nedd
Legal Clerk

Subscribed and sworn to me on this date:
July 11, 2002

Marie Gerz-Lilley
Notary Public



**NOTICE OF APPLICATION AND HEARING FOR THE
JOINT APPLICATION OF TOUCH AMERICA SERVICES,
INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF A
CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE INTRASTATE TELECOMMUNICATIONS
SERVICES TO TOUCH AMERICA, INC. AND WAIVER
OF CUSTOMER NOTIFICATION**

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

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Under appropriate circumstances, interested parties may intervene in the proceedings, and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with the A.A.C.R. 14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address and telephone number of the proposed intervenor, and of any party upon whom service of documents is to be made if different than the intervenor.
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A.A.C.R. 14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing, and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m. at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:

The Arizona Corporation Commission
Attention: Docket Control
Re: Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelley Hood, ADA Coordinator, voice phone number (602) 542-3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

July 11, 2002/256044

The Daily Dispatch

530 11th Street, Douglas, AZ 85607 • (520) 364-3424

Marissa Rivera, being first duly sworn deposes and says that she is an agent of The Daily Dispatch, a daily newspaper, published in the City of Douglas, County of Cochise, State of Arizona:

That the Notice, a copy of which is hereto attached, described as follows:

ANA Touch America, Inc
Application & Hearing for the
Joint Application

was published daily in the entire and regular issue of said THE DAILY DISPATCH, for 1 consecutive weeks, the FIRST publication of said notice being in the issue dated

July 10, 2002, and the LAST publication being in the issue dated July 10, 2002.

The deponent further says that the Notice was published in the newspaper proper, and not in a supplement thereof.

(SIGNED) Marissa Rivera

Sworn and Subscribed to me this

19 day of

July, 2002

Notary Public



My commission expires: June 2, 2003

PUBLIC NOTICE

NOTICE OF APPLICATION AND HEARING FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION

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1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.

2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the company, a shareholder of the company, a competitor, etc.).

3. A statement certifying that a copy of the motion to intervene has been mailed.

A.A.C. R14-3-103 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sword evidence at the hearing and to cross-examine other witnesses; however, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002 at 10:00 a.m. at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to: The Arizona Corporation Commission, Attention: Docket Control, re: Touch America, Inc. T-03911A-01-0303 et al., 1200 West Washington Street, Phoenix, Arizona 85007.

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Published: 7/10/02

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA

=====

COUNTY OF LA PAZ, ss

=====

*Alice Opie***ALICE OPIE,**

of said county, being duly sworn, deposes and says: that he is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and is competent to be a witness on the trial of the above entitled action, and that he is not a party to, nor interested in the above entitled matter.

That he is the Advertising Agent for the:

PARKER PIONEER

(published weekly) and which is a weekly newspaper of general circulation, published and in the said County of La Paz, and is published for the dissemination of local news and intelligence of general character, and has a bona fide subscription list of paying subscribers, and said news has been established and published in the City of Parker, County of La Paz, State of Arizona, for one year before the publication of the first insertion of this notice and said newspaper is not devoted to the interests of, or published for the entertainment of any particular class, profession, trade, call, denomination, or any number thereof.

That the:

Notice of Application and Hearing
Touch America Service, Inc.

of which the annexed is a printed copy, was published in said newspaper at least 1 time, the 17th day of July, 2002, and ending on the 17th of July, 2002, all above days included in the regular and entire issue of said newspaper proper, and not in a supplement and said notice therein on the following dates, to-wit:

July 17, 2002

Subscribed and sworn to before me this 18th day of July, 2002.

Donna L. Schroeder

Notary Public in and for the County of La Paz, State of Arizona.

My Commission Expires



**NOTICE OF APPLICATION AND HEARING FOR THE
 JOINT APPLICATION OF TOUCH AMERICA SER-
 VICES, INC. AND TOUCH AMERICA, INC. FOR
 APPROVAL OF ASSIGNMENT OF ASSETS AND
 TRANSFER OF A CERTIFICATE OF CONVENIENCE
 AND NECESSITY TO PROVIDE INTRASTATE
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 3. A statement certifying that a copy of the motion to intervene has been mailed to the Company, or its counsel and to all parties of record in the case.
- A.A.C. R14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m. at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

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 Publish July 17, 2002

State of Arizona)
)
 County Of Navajo)

ss.

Affidavit of Publication

White Mountain Independent

Docket T-04011A-01-0303 et al.

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, if you may, make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must file a written motion to intervene with the Commission and send such motion to the Company, its counsel and to all parties of record, and which at the minimum, shall contain the following:

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3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record by the intervenor.

A.A.C. R14-3-105 also provides for the granting of motions to intervene. The purpose of intervention, among other things, enables a party to present direct evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m., at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the commission for any changes to the scheduled hearing date.

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The Commission does not discriminate on the basis of race, ethnicity, sex, religion, or disability. Persons with disabilities may request a reasonable accommodation such as sign language interpreters, as well as request the document in an alternative format by contacting Cheryl Davis, ADA coordinator, at 1-800-222-7000.

NOTICE OF APPLICATION AND HEARING FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION

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Published in the White Mountain Independent July 12, 2002.
 (WMI 2822 N, 1x, 07/12, 2002)

I, Sally Moreno, being first duly sworn, depose and say: I am the agent of the White Mountain Publishing Company, publisher of the White Mountain Independent, a semi-weekly newspaper of general circulation published at Show Low, County of Navajo, Arizona and that the copy hereto attached is a true copy of the advertisement as published in the White Mountain Independent on the following dates:

July 12, 2002

White Mountain Independent

Sally Moreno

Sworn to me this day of

17 July, A.D. 2002

Mary A Lang
 Notary Public



Notary Public State of Arizona
 Navajo County
 Mary A Lang
 Expires March 28, 2003

PUBLIC NOTICES

NOTICE OF APPLICATION AND HEARING FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION.

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AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
) ss.
COUNTY OF YAVAPAI)

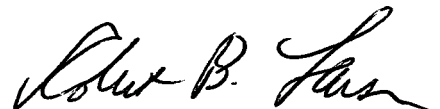
I, ROBERT B. LARSON, Publisher of the
THE CAMP VERDE JOURNAL,

a newspaper of general circulation, printed and published in the County of Yavapai, State of Arizona, do solemnly swear that a copy of the attached notice, in the matter of

Touch America Services, Inc. and
Touch America, Inc.

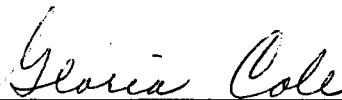
as per clipping attached, was published in the regular and entire section of said newspaper, and not in any supplement thereof, on the following schedule:

July 3, 2002.



ROBERT B. LARSON, Publisher

Subscribed and sworn to before me this
18 day of July, 2002.



Notary Public



Notary Public State of Arizona
Yavapai County
Gloria Cole
Expires April 14, 2005

PUBLIC NOTICES

Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelly Hood, ADA Coordinator, voice phone number 602/542-3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Publish: July 3, 2002.

will be donated to the
performances at the Georgia
XII-765-008 • XII-765-008

DOCKET NO. T-04011A-01-0303

DOCKET NO. T-03911A-01-0303

STATE OF ARIZONA

COUNTY OF PINAL

NOTICE OF APPLICATION
AND HEARING FOR THE JOINT
APPLICATION OF TOUCH AMERICA
SERVICES, INC. AND TOUCH
AMERICA, INC. FOR APPROVAL
OF ASSIGNMENT OF ASSETS AND
TRANSFER OF A CERTIFICATE
OF CONVENIENCE AND NECESSITY
TO PROVIDE INTRASTATE
TELECOMMUNICATIONS SERVICES
TO TOUCH AMERICA, INC.
AND WAIVER OF
CUSTOMER NOTIFICATION.

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at Applicant, [address].

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of docu-

ments is to be made if different than the intervenor.

2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the company, a shareholder of the company, a competitor, etc.).

3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

A.A.C. R14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m., at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:

The Arizona Corporation Commission, Attention: Docket Control, re: Touch America, Inc., T-03911A-01-0303 et al., 1200 West Washington Street, Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelly Hood, ADA Coordinator, voice phone number 602/542-3931.

E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

No. of publications: 1; date of publication: July 10, 2002.

Affidavit of Publication

DONOVAN M. KRAMER, SR. first being duly sworn deposes and says: That he is a native born citizen of the United States of America, over 21 years of age, that he is publisher of the Casa Grande Dispatch, a daily newspaper published at Casa Grande, Pinal County, Arizona, Monday through Saturday of each week; that a notice, a full, true and complete printed copy of which is hereunto attached, was printed in the regular edition of said newspaper, and not in a supplement thereto, for ONE consecutive issues the first publication thereof having been on the 10TH

day of JULY A.D., 2002

Second publication _____

Third publication _____

Fourth publication _____

Fifth publication _____

Sixth publication _____

CASA GRANDE DISPATCH

By Donovan M. Kramer, Sr.
DONOVAN M. KRAMER SR., Publisher

Sworn to before me this 15th

day of July A.D., 2002

Debbie R. Mumme

Notary Public in and for the County
of Pinal, State of Arizona

Publisher's Affidavit of Publication

000

STATE OF ARIZONA }
COUNTY OF YUMA }

NOTICE OF APPLICATION AND HEARING FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION.

On April 1/1, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

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Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record.

to:
The Arizona Corporation
Commission
Attention Docket Control
re: Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

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Daily July 11, 2002 #L24884

Julie Moreno or Lee Knapp, having been first duly sworn, deposes and says: that The Sun is a newspaper of general circulation published daily in the City of Yuma, County of Yuma, State of Arizona; that (s)he is the publisher or business manager of said paper; that the

NOTICE OF APPLICATION AND HEARING

a printed copy of which, as it appeared in said paper, is hereto attached and made a part of this affidavit, was published in The Sun

For ONE issues; that the date of the first publication of said NOTICE OF APPLICATION AND HEARING

was JULY 11, 2002 and the date of the last publication being JULY 11, 2002 and that the dates when said

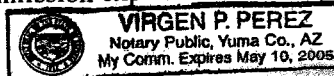
NOTICE OF APPLICATION AND HEARING

was printed and published in said paper were
JULY 11, 2002

Subscribed and sworn to before me, by the said Julie Moreno or Lee Knapp

17th day of July, 2002
Virgen P. Perez Notary Public

My commission expires



May 10, 2005

STAR PUBLISHING COMPANY

Tucson, Arizona

STATE OF ARIZONA)
COUNTY OF PIMA)

Janice Anderson, being first duly sworn deposes and says: that she is the Legal Advertising Representative of the STAR PUBLISHING COMPANY, a corporation organized and existing under the laws of the State of Arizona, and that the said STAR PUBLISHING COMPANY prints and publishes The Arizona Daily Star, a daily newspaper printed and published in the City of Tucson, Pima County, State of Arizona, and having a general circulation in said City, County, State and elsewhere, and that the attached

Legal Notice

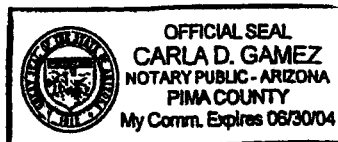
was printed and published correctly in the entire issue of the said The Arizona Daily Star on each of the following dates, to-wit:

July 12, 2002

Janice Anderson

Subscribed and sworn to before me this 15th day of July, 2002

Carla D. Gamez
Notary Public



My commission expires _____

TNI AD NO. _____

820425

LEGAL NOTICE
NOTICE OF APPLICATION
AND HEARING FOR THE
JOINT APPLICATION OF
TOUCH AMERICA SERVICES, INC.
AND TOUCH AMERICA, INC.
FOR APPROVAL OF ASSIGNMENT OF
ASSETS AND TRANSFER OF A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE INTRASTATE
TELECOMMUNICATIONS SERVICES TO
TOUCH AMERICA, INC. AND WAIVER
OF CUSTOMER NOTIFICATION

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 82672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007.

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the company, a shareholder of the company, a competitor, etc.)
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

A.A.C. R14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 18, 2002, at 10:00 a.m., at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:
The Arizona Corporation Commission
Attention: Docket Control
c/o Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelly Hood, ADA Coordinator, voice phone number 602/542-3931, E-mail: shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Publish July 12, 2002
The Arizona Daily Star

AFFIDAVIT OF PUBLICATION

I, Duane A. Beyal, Managing Editor of the Navajo Times newspaper published weekly at Window Rock, Navajo Nation hereby swear that a legal notice:

Notice of Application and Hearing for the Joint Touch America Services, Inc. and Touch America, Intrastate Telecommunications Services Docket No. T-04011A-01-0303 et al.

was published in said Navajo Times on the following date(s):

July 3, 2002.

and that said notice is attached to this Affidavit and is a true and correct copy of said notice as published.

[Signature]
Duane A. Beyal
Managing Editor

STATE OF ARIZONA :)

:)

COUNTY OF APACHE :)

SUBSCRIBED AND SWORN TO before me this

3rd day of July

[Signature]
Notary Public

My Commission Expires:



Notary Public State of Arizona
Apache County
Emily C Freeland
Expires November 22, 2005

NOTICE OF APPLICATION AND HEARING FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION.

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2002). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at Applicant's address.

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the company, a shareholder of the company, a competitor, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

A.A.C. R14-2-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m., at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to: The Arizona Corporation Commission, Attention: Docket Control, re: Touch America, Inc., T-03911A-01-0303 et al., 1200 West Washington Street, Phoenix, Arizona 85007.

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a

Notice of Proof of Publication

STATE OF ARIZONA
=====

SS

COUNTY OF MOHAVE
=====

Alice Opie

Alice Opie

being duly sworn, says that during the publication of the notice, as herein mentioned, he/she was and now is the Advertising Agent of **Today's News Herald**, a five-times weekly newspaper published on Sunday, Tuesday, Wednesday, Thursday and Friday of each and every week at the City of Lake Havasu City, in Mohave County, State of Arizona. That said newspaper was printed and published as aforesaid on the following dates, to-wit:

That the:

Notice of Application and Hearing
Touch America Services, Inc.

Published date

July 11, 2002

of which the annexed copy is a printed and true copy, was printed and inserted in each and every copy of said newspaper, printed and published on the dates aforesaid, and in the body of said newspaper and not in a supplement thereto.

Subscribed and sworn to before me this 12th day of July, 2002.

Donna L. Schroeder

Notary Public

2/28/2004

My Commission Expires:



NOTICE OF APPLICATION AND HEARING FOR THE
JOINT APPLICATION OF TOUCH AMERICA SER-
VICES, INC. AND TOUCH AMERICA, INC. FOR
TRANSFER OF ASSETS AND
LIABILITIES TO PROVIDE INTRASTATE
TELECOMMUNICATIONS SERVICES TO TOUCH
AMERICA, INC. AND WAIVER OF CUSTOMER
NOTIFICATION

On April 11, 2001, Touch America Services, Inc. ("TAS") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TAS received a telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving 25,000 customers in Arizona. The Company serves approximately 25,000 customers in Arizona.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant are available for inspection during regular business hours at the office of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007.

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceedings or you may make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
 2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the company, a shareholder of the company, a competitor, etc).
 3. A statement certifying that a copy of the motion to intervene has been mailed to the Company, or its counsel and to all parties of record in the case.
- A.A.C. R14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m. at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.
- If you have any comments, mail them to:
The Arizona Corporation Commission
Attention: Docket Control
re: Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

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DOCKET NO. T-04011A-01-0303

DOCKET NO. T-03911A-01-0303

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA

COUNTY OF SANTA CRUZ

} ss.

BOB KIMBALL

being of first duly sworn,
deposes and says: that he/she is PUBLISHER
of the NOGALES INTERNATIONAL, a newspaper
published in the County of Santa Cruz, State of Arizona,
and of general circulation in said County, State and
elsewhere, and that the hereto attached legal notice

~~NOTICE TOUCH AMERICA SERVICES~~

was printed and published correctly in the regular and
entire issue of said NOGALES INTERNATIONAL for
1 issues; that the first publication was made on
the 12 day of July, 20 02, and the
last publication thereof was made on the 12 day of
July, 20 02.

NOGALES INTERNATIONAL

By

Bob Kimball

Subscribed and sworn to before me this 12
day of July, 20 02

Sandra
Notary Public

LEGAL NOTICE

NOTICE OF APPLICATION
AND HEARING FOR THE
JOINT APPLICATION OF
TOUCH AMERICA SER-
VICES, INC. AND TOUCH
AMERICA, INC. FOR
APPROVAL OF ASSIGN-
MENT OF ASSETS AND
TRANSFER OF A CERTIFI-
CATE OF CONVENIENCE
AND NECESSITY TO PRO-
VIDE INTRASTATE
TELECOMMUNICATIONS
SERVICES TO TOUCH
AMERICA, INC. AND WAIV-
ER OF CUSTOMER NOTIFI-
CATION.

On April 11, 2001, Touch
America Services, Inc.
("TASI") filed an application for
approval of the assignment of
assets and transfer of its
Certificate of Convenience
and Necessity ("CC&N") to
Touch America, Inc. ("Touch
America"). TASI received a
CC&N to provide resold, facili-
ties-based, interexchange
telecommunications services,
and alternative operator服-
ices in Arizona pursuant to
Decision No. 52672 (June 30,
2000). On June 30, 2001, the
transfer transaction closed
and Touch America began
serving Arizona customers.
The Company currently
serves approximately 28,000
customers in Arizona.

The application, report of the
Commission's Utilities Division
Staff, and any written excep-
tions to the staff report pre-
pared by the applicant are
available for inspection during
regular business hours at the
offices of the Commission
located at 1200 West
Washington Street, Phoenix,
Arizona 85007, and at
Applicant, (address).

Under appropriate circum-
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You may have the right to
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document is to be made if dif-
ferent than the intervenor.

A short statement of the
proposed intervenor's interest
in the proceeding (e.g., a cus-
tomer of the company, a
shareholder of the company, a
competitor, etc.)

3. A statement certifying that
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vene has been mailed to the
company or its counsel and to
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and to cross-examine other
witnesses. However, failure to
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interested person or entity
from appearing at the hearing
and making a statement on
their own behalf. The hearing
is scheduled to commence on
September 16, 2002, at 10:00
a.m. at the Arizona
Corporation Commission,
1200 West Washington Street,
Phoenix, Arizona 85007.
Please check with the
Commission for any changes
to the scheduled hearing date.

If you have any comments,
mail them to:

The Arizona Corporation
Commission
Attention Docket Control
re: Touch America, Inc.
T-0391A-01-0303 et al
1200 West Washington Street
Phoenix, Arizona 85007

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be received by August 12,
2002.

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information on intervention,
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Consumer Services Section of
the Commission at 1200 West
Washington Street, Phoenix,
Arizona 85007 or call: 1-800-
222-7000.

The Commission does not dis-
criminate on the basis of dis-
ability in admission to its pub-
lic meetings. Persons with a
disability may request a rea-
sonable accommodations
such as sign language inter-
preter, as well as request this
document in an alternative for-
mat, by contacting Shelly
Hood, ADA Coordinator, voice
phone number 602/54-3931,
E-Mail: shood@cc.state.as.us.
Requests should be made as
early as possible to allow time
to arrange the accommoda-
tion.

Pub: 7/12/02
Req: ANA
Nogales International

East Valley Tribune
July 11, 2002

Docket No. T-04011A-01-0303
Docket No. T-03911A-01-0303

**NOTICE OF APPLICATION AND HEARING FOR THE
ASSIGNMENT OF ASSETS AND TRANSFER OF A
CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE INTRASTATE TELECOMMUNICATIONS
SERVICES TO TOUCH AMERICA, INC. AND WAIVER
OF CUSTOMER NOTIFICATION**

On April 11, 2001, Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Touch America, Inc. ("Touch America"). TASI received a CC&N to provide resold, facilities-based interexchange telecommunications services, and alternative operator services in Arizona pursuant to Decision No. 62672 (June 30, 2000). On June 30, 2001, the transfer transaction closed and Touch America began serving Arizona customers. The Company currently serves approximately 28,000 customers in Arizona.

The application, report of the Commission's Utilities Division Staff and any written exceptions to the Staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007.

Under appropriate circumstances, interested parties may intervene in the proceedings, and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with the A.A.C.R. 14-3-105, except that all motions to intervene must be filed on or before August 12, 2002. Persons desiring to intervene must file a written motion to intervene with the Commission and send a copy of the motion to the Company or its counsel and to all parties of record, and which at the minimum, shall contain the following:

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A.A.C.R. 15-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing, and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. The hearing is scheduled to commence on September 16, 2002, at 10:00 a.m. at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:

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Attention: Docket Control
Re: Touch America, Inc.
T-03911A-01-0303 et al.
1200 West Washington Street
Phoenix, Arizona 85007

All written comments should be received by August 12, 2002.

If you have any questions about this application or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelley Hood, ADA Coordinator, voice phone number (602) 542-3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

July 11, 2002/256044

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2002 APR 15 A 8:21

AZ CORP COMMISSION
DOCUMENT CONTROL

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

APR 15 2002

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

DATE: April 15, 2002

RE: IN THE MATTER OF THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER (DOCKET NOS. T-04011A-01-0303 AND T-03911A-01-0303)

Attached is the Staff Report for the joint application of Touch America Services, Inc. and Touch America, Inc. for approval to transfer Touch America Services, Inc.'s utility assets and Certificate of Convenience and Necessity to provide facilities-based interexchange services and alternative operator services to Touch America, Inc. The Applicants are also requesting a waiver of customer notification to change subscriber's designated telecommunications provider.

Staff is recommending approval of the application following a hearing. Staff also believes that no waiver of customer notification is necessary.

EGJ:LAJ:nms

Originator: Linda A. Jaress

Attachment: Original and Ten Copies

Service List for Touch America Services, Inc. Et. Al.
Docket Nos. T-03911A-01-0303 and T-04011A-01-0303

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**TOUCH AMERICA SERVICES, INC AND
TOUCH AMERICA, INC.**

(DOCKET NOS. T-03911A-01-0303 AND T-04011A-01-0303)

**APPROVAL OF ASSIGNMENT
OF ASSETS AND TRANSFER OF A
CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE INTEREXCHANGE
TELECOMMUNICATION SERVICE AND
WAIVER OF CUSTOMER NOTIFICATION**

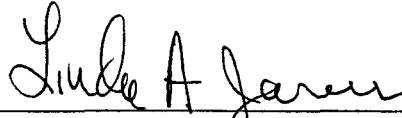
APRIL 2002

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STAFF ACKNOWLEDGMENT

The Staff Report for Touch America Services and Touch America, Inc. was the responsibility of the Staff member listed below.

A handwritten signature in cursive script, reading "Linda A. Jares", is written over a horizontal line.

Linda A. Jares
Executive Consultant III

EXECUTIVE SUMMARY

Touch America Services, Inc., ("TASI") provided facilities-based, interexchange service in Arizona. On June 30, 2001, TASI transferred its assets to its parent, Touch America, Inc. ("Touch America") as part of a larger restructuring of their ultimate parent, Montana Power. Since then, Montana Power has gone out of existence.

The application requests approval to transfer the assets and CC&N of TASI to Touch America. Because Touch America is already using the assets and providing the services at issue and the complaints regarding its service have been minimal, Staff believes that Touch America is a fit and proper entity to receive TASI's assets and CC&N and recommends approval.

The TASI tariff, which Touch America adopted, provides for the collection of deposits and prepayments under certain circumstances. Staff recommends a performance bond of \$100,000 be procured by Touch America in keeping with Staff's performance bond guidelines.

The Applicants also requested a waiver of A.R.S. Section 44-1572 that requires customer notification to change a subscribers designated telecommunications company. The Commission has not completed its rulemaking necessary to implement A.R.S. Section 44-1572. Therefore, no waiver is required by the Commission.

Staff recommends approval of the transfer of the assets and CC&N of Touch America Services, Inc. to Touch America, Inc.

Introduction and Background

On April 11, 2001 Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to provide resold facilities-based interexchange telecommunications services and alternative operator services to Touch America, Inc. ("the Company" or "Touch America") and for approval of a waiver of the customer notification required by A.R.S. Section 44-1572.

On June 30, 2001 the transfer transaction closed and Touch America began serving Arizona customers.

TASI received a CC&N to provide resold, facilities based long distance telecommunications services and alternative operator services in Arizona in Decision No. 62672 dated June 30, 2000. TASI originated as TeleDistance, Inc. TeleDistance, Inc. was formed by Qwest, Inc. to facilitate the federally mandated divestiture of Qwest Communications, Inc.'s ("Qwest") interLATA business prior to the merger of Qwest, Inc. and U S West, Inc. Qwest transferred its interLATA customers and assets and those of Qwest affiliates LCI International Telecom, Inc., Phoenix Network, Inc. and USLD Communications, Inc. to TeleDistance. Qwest then changed the name of TeleDistance to TASI and sold TASI to Touch America

Touch America, TASI's former parent, is a Montana corporation that, until recently, was wholly owned by Entech, Inc. a wholly owned subsidiary of Montana Power. In February, 2002, Montana Power divested all of its energy business, including its electric and gas utility and invested the proceeds in Touch America. The sales of the oil and gas business to a Canadian company for \$475.0 million, the independent power business to CES Acquisition Corp. for \$84.5 million and the coal business to Westmoreland Coal Co. for \$138.0 million have all been completed. The sale of the electric and gas utility operations to NorthWestern Corp. for \$602 million in cash and the assumption of up to \$488 million in debt closed on February 15, 2002.

Touch America now owns an 18,000-mile fiber-optic network and provides long distance service, Internet access, and frame relay/ATM services and provides other services such as the design, installation and maintenance of PBX and key systems, and construction management oversight. Touch America has operated the TASI network since its divestiture from Qwest.

Touch America currently serves approximately 28,000 customers in Arizona.

The Application for the transfer of the CC&N

Touch America seeks authority to provide telecommunications services throughout the State of Arizona. The Company provides facilities-based interexchange telecommunications services and alternative operator services. Touch America is incorporated under the laws of the State of Montana and has authority to transact business in Arizona.

Technical Ability to Provide Service

Touch America is authorized to provide switched and dedicated interexchange services in thirty-five states and has applications pending in the remaining contiguous United States. In many of those states it provides intraLATA, interLATA, intrastate, interstate and international 1+ dialing, dedicated access lines, WATS lines and DS1 service. Touch America also offers Internet services, calling cards and conference calling.

TASI and Touch America have shared services from the outset. TASI has never had any of its own employees as all marketing, administrative, network and support functions were conducted by Touch America employees. Based on Touch America's experience providing service, it has the technical ability to provide service.

Financial Ability to Provide Service

The total consideration under Montana Power's four contracts to sell its non-telecommunications businesses was \$1.78 billion including the assumption of \$488.0 million of debt by NorthWestern. No amounts from these sales were distributed to the shareholders of Montana Power but are being used to grow the telecommunications business. Thus, Touch America has inherited a capital structure comprised primarily of equity.

According to the unaudited, pro forma condensed consolidated financial statements of Touch America filed within Montana Power's July 17, 2001 SEC Form S-4, Touch America should be profitable. The pro forma financial statements reflect a full 12-months of Touch America's operations including the effects of the merger, acquisition of Qwest's customers and the sale of the coal and energy business. The pro forma results for the year ending December 31, 2000 showed operating revenues of \$478.0 million generating net income of \$38.0 million. The company expects assets to total \$1.0 billion. Thus, Touch America should have the financial capability to provide continued service in Arizona.

However, Touch America reported a negative return on its Arizona jurisdictional assets of \$8.0 million at December 31, 2001. Operating expenses incurred to serve Arizona customers slightly exceeded the \$27.3 million of Arizona jurisdictional revenue.

Although the TASI tariff adopted by Touch America provides for the collection of advances, deposits and/or prepayments from interexchange customers under certain circumstances, a representative of Touch America informed Staff that the Company does not currently collect deposits or prepayments. Staff believes that since the tariff allows such collections, Touch America's customers should be protected by the procurement of a performance bond. Pursuant to Staff's performance bond guidelines, Staff recommends a performance bond of \$100,000 be acquired by Touch America. Staff further recommends that proof of the procurement of the bond be docketed within 60 days of the effective date of the Order on this matter.

Rates and Charges

Touch America is providing service in areas where an incumbent local exchange carrier along with various competitive local exchange and interexchange carriers are providing telephone service. Touch America is competing with those providers in order to obtain and retain subscribers to its services. Therefore, it is not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

The rates charged by the Company were set in various decisions related to its predecessors and are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the company and has determined that its fair value rate base approximates the net book value of its Arizona jurisdictional assets of \$8.0 million at December 31, 2001. Operating expenses incurred to serve Arizona customers slightly exceeded the \$27.3 million of Arizona jurisdictional revenue resulting in a negative return on fair value rate base.

Obviously, the rates being charged by the company are heavily influenced by the market or the Company would raise them. Therefore, while Staff considered the fair value rate base information submitted by the company, it did not accord that information substantial weight in its analysis.

Request for a Waiver of A.R.S. Section 44-1572

TASI and Touch America also request a waiver of A.R.S. Section 44-1572; a statute that requires customer authorization before a telecommunications company changes the service of a customer to another service provider. The Commission does not have the authority to waive the provisions of a statute, as the Company requests.

The transaction between TASI and TouchAmerica is virtually transparent to the customer in all regards, including no change to the rates and no change to the terms and conditions of service. The receipt of service from the parent, rather than its affiliate and the receipt of service from the same company employees as before the transaction further illustrate the fact that there is no practical difference to the service of the TASI customers.

Further, the Commission is currently in the formative stages of the process of adopting rules to implement A.R.S. Section 44-1572. Therefore, Staff believes that no waiver is required by the Commission at this time.

Complaint Record

According to the complaint records of the Commission's Consumer Services Section, five complaints against Touch America have been logged since the transfer of assets transaction closed. The complaints are primarily billing disputes or misunderstandings and have all been resolved.

Recommendations

Touch America is incorporated under the laws of the State of Montana. It is currently offering facilities-based and resold interexchange service in thirty-five states, including Arizona. By providing adequate service it has demonstrated that it has the capability to provide its proposed services and is a fit and proper entity to receive TASI's assets and CC&N.

Therefore, Staff recommends that the application to transfer the assets and CC&N of TASI to Touch America be approved subject to the following recommendations:

Unless it provides services solely through the use of its own facilities, Touch America should procure an Interconnection Agreement, within 90 days of the effective date of the order in this matter and the agreement should remain in effect until further order of the Commission.

Touch America should be required to notify the Commission immediately upon changes to its address or telephone number.

Touch America should comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service.

Touch America should maintain its accounts and records as required by the Commission.

Touch America should file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate.

Touch America should maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require.

Touch America should cooperate with Commission investigations of customer complaints. Touch America should procure a performance bond equal to \$100,000 and file proof of the procurement of the performance bond with Docket Control within 60 days of the effective date of the Decision on this matter.

Staff further recommends that Touch America should be subject to the Commission's rules governing interconnection and unbundling and the 1996 Telecommunications Act and the rules promulgated thereunder. In the event that Touch America provides essential services or facilities that potential competitors need in order to provide their services, Touch America should be required to offer those facilities or services to those providers on non-discriminatory terms and conditions pursuant to federal laws, federal rules, and state rules.

Staff recommends that a hearing be held on these matters.

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Legal

MEMORANDUM

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2002 AUG -5 A 9: 57

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

AUG 05 2002

AZ CORP COMMISSION
DOCUMENT CONTROL

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

DATE: August 2, 2002

RE: AMENDMENT TO STAFF REPORT FOR THE JOINT APPLICATION OF TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC. FOR APPROVAL OF ASSIGNMENT OF ASSETS AND TRANSFER OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES TO TOUCH AMERICA, INC. AND WAIVER OF CUSTOMER NOTIFICATION (DOCKET NOS. T-04011A-01-0303 and T-03911A-01-0303)

Attached is an amendment to the Staff Report for the joint application of Touch America Services, Inc. and Touch America, Inc. for approval of assignment of assets and transfer of a Certificate of Convenience and Necessity to provide intrastate telecommunications services to Touch America, Inc. and waiver of customer notification. The amendment includes a discussion of the fair value of the property of Touch America, Inc. required by the June 18, 2002 Procedural Order filed this docket.

EGJ:LAJ:nms

Originator: Linda A. Jaress

Attachment: Original and Ten Copies

Service List for Touch America Services, Inc. and Touch America, Inc.
Docket Nos. T-04011A-01-0303 and T-039911A-01-0303

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STAFF ACKNOWLEDGMENT

The amendment to the Staff Report for Touch America Services, Inc. and Touch America, Inc., Docket Nos. T-04011A-01-0303 and T-039911A-01-0303 was the responsibility of Linda A. Jaress.



Linda A. Jaress
Executive Consultant III

EXECUTIVE SUMMARY
TOUCH AMERICA SERVICES, INC. AND TOUCH AMERICA, INC.
DOCKET NOS. T-04011A-01-0303 AND T-039911A-01-0303

A Staff Report dated April 15, 2002 recommended approval of Touch America Services, Inc. ("TASI") application for the transfer of its Certificate of Convenience and Necessity ("CC&N") to provide facilities based, interexchange service to Touch America, Inc., ("the Company") an affiliate. On June 18, 2002, the Administrative Law Judge issued a Procedural Order requiring the Applicants to publish notice and file an Affidavit of Publication in this Docket no later than August 12, 2002.

The Procedural Order also ordered Staff to "file an amendment to its Staff Report in this matter that includes a recommendation reflecting the current Staff and Commission performance bond requirements and a recommended fair value finding. The amendment to the Staff Report shall also include a recommendation to the Commission on how the fair value determination should be used in consideration of this application."

Staff obtained the information required by the Procedural Order from the Company and has determined that its fair value rate base is \$8,008,206. The rates charged by the Company are heavily influenced by the market for its services. Also, the fair value of the Company's rate base has no discernable impact on the transaction at issue. Therefore, while Staff considered the fair value rate base information submitted by the company, it did not accord that information substantial weight in its analysis of the application to transfer the CC&N.

Staff has altered some of its previous recommendations. Based on the current policy of Staff and the Commission, Staff now recommends that a bond of \$235,000 be established by Touch America, Inc. Also, Touch America, Inc. has provided Staff with information indicating that it does not have or need an interconnection agreement with Qwest so Staff is omitting its previous recommendation that Touch America, Inc. file an interconnection agreement. Finally, Staff is recommending that after the notice ordered by the Administrative Law Judge have been made, that the Administrative Law Judge decide if a hearing is required.

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

TOUCH AMERICA SERVICES, INC. AND
TOUCH AMERICA, INC.
DOCKET NOS. T-04011A-01-0303 AND T-039911A-01-0303

JOINT APPLICATION OF
TOUCH AMERICA SERVICES, INC.
AND TOUCH AMERICA, INC. FOR APPROVAL
OF ASSIGNMENT OF ASSETS AND TRANSFER OF
A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE INTRASTATE TELECOMMUNICATIONS
SERVICES TO TOUCH AMERICA, INC
AND WAIVER OF CUSTOMER NOTIFICATION

AUGUST 2002

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Background

On April 11, 2001 Touch America Services, Inc. ("TASI") filed an application for approval of the assignment of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to provide resold facilities-based interexchange telecommunications services and alternative operator services to Touch America, Inc. ("the Company") and for approval of a waiver of the customer notification required by A.R.S. Section 44-1572.

On June 30, 2001 the transfer transaction closed and the Company began serving Arizona customers.

TASI received a Certificate of Convenience and Necessity ("CC&N") to provide resold, facilities based, long distance telecommunications services and alternative operator services in Arizona in Decision No. 62672 dated June 30, 2000. TASI originated as TeleDistance, Inc. TeleDistance, Inc. was formed by Qwest, Inc. to facilitate the federally mandated divestiture of Qwest Communications, Inc.'s ("Qwest") interLATA business prior to the merger of Qwest, Inc. and U S West, Inc. Qwest transferred its interLATA customers and assets and those of Qwest affiliates LCI International Telecom, Inc., Phoenix Network, Inc. and USLD Communications, Inc. to TeleDistance. Qwest then changed the name of TeleDistance to TASI and sold TASI to Touch America, Inc.

Touch America, Inc., TASI's former parent, is a Montana corporation that, until recently, was wholly owned by Entech, Inc. a wholly owned subsidiary of Montana Power. In February 2002, Montana Power divested all of its energy business, including its electric and gas utility and invested the proceeds in Touch America, Inc.

Touch America, Inc. now owns an 18,000-mile fiber-optic network and provides long distance service, Internet access, and frame relay/ATM services and provides other services such as the design, installation and maintenance of PBX and key systems, and construction management oversight. Touch America, Inc. has operated the TASI network since its divestiture from Qwest. TASI currently serves approximately 28,000 customers in Arizona.

Staff filed its Staff Report on the matter on April 15, 2002, recommending approval. On June 18, 2002, an Administrative Law Judge issued a Procedural Order requiring the Applicants to publish notice and file an Affidavit of Publication in this Docket no later than August 12, 2002.

The Procedural Order also ordered Staff to "file an amendment to its Staff Report in this matter that includes a recommendation reflecting the current Staff and Commission performance bond requirements and a recommended fair value finding. The amendment to the Staff Report shall also include a recommendation to the Commission on how the fair value determination should be used in consideration of this application".

Staff obtained the information required by the Procedural Order from Touch America, Inc. and has determined that its fair value rate base is \$8,008,206. This amount is equal to the net book value of the assets devoted to the Arizona jurisdiction.

The rates charged by the Company will be heavily influenced by the market for its services. If the rates charged by Touch America, Inc. are not just and reasonable, customers will defect to a provider whose rates are just and reasonable. Also, the fair value of the Company's rate base has no discernable impact on the transaction at issue. Therefore, while Staff considered the fair value rate base information submitted by Touch America, Inc., it did not accord that information substantial weight in its analysis of the application to transfer the CC&N.

Regarding the bonding requirement, the new Staff and Commission policy dictates that Touch America, Inc. must obtain a bond for each general service category. This amounts to \$235,000 (\$100,000 for facilities-based long distance service, \$100,000 for facilities based local exchange service, \$25,000 for resold local exchange service and \$10,000 for resold interexchange service).

Touch America, Inc. Response to the Staff Report

In response to the Staff Report issued on April 15, 2002, Touch America, Inc. sent a letter to Staff regarding two of Staff's recommendations. The Company requested that it not be required to procure and file an interconnection agreement as recommended by Staff. The Company's letter clarified how it provides service. The Company does not purchase local loops as unbundled network elements but purchases the local loops in Arizona pursuant to Qwest's special access tariff. Furthermore, the Company's co-location with Qwest in Arizona is only for the provision of long distance services. Because the purpose of the filing of interconnection agreements is to verify that the terms and conditions under which a CLEC would interconnect its network with that of Qwest, and Touch America, Inc. will not be interconnected with Qwest, Staff agrees that the recommendation regarding an interconnection agreement should be omitted.

The letter from Touch America, Inc. also indicated that it did not believe a hearing was necessary because it had not observed any interest on the part of the public in the docket. However, as of this writing, the Company has not provided notice of this docket. Staff recommends that after the notice is provided, the Administrative Law Judge determine if a hearing is necessary to provide a record upon which to base a Commission decision.

Revised Recommendations

Staff recommends that the application to transfer the assets and CC&N of TASI to Touch America, Inc. be approved subject to the following recommendations:

Touch America, Inc. should be required to notify the Commission immediately upon changes to its address or telephone number.

Touch America, Inc. should comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service.

Touch America, Inc. should maintain its accounts and records as required by the Commission.

Touch America, Inc. should file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate.

Touch America, Inc. should maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require.

Touch America, Inc. should cooperate with Commission investigations of customer complaints.

Touch America, Inc. should procure a performance bond equal to \$235,000 and file proof of the procurement of the performance bond with Docket Control within 60 days of the effective date of the Decision on this matter.

Staff further recommends that Touch America, Inc. should be subject to the Commission's rules governing interconnection and unbundling along with the 1996 Telecommunications Act and the rules promulgated thereunder. In the event that Touch America, Inc. provides essential services or facilities that potential competitors need in order to provide their services, Touch America, Inc. should be required to offer those facilities or services to those providers on non-discriminatory terms and conditions pursuant to federal laws, federal rules, and state rules.